

**SPEECH BY
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI
AT THE OPENING OF THE WORLD'S FIRST INTEGRATED PALM BIODIESEL
PLANT AT PASIR GUDANG, JOHOR
15 AUGUST 2006**

ASSALAMUALAIKUM WARAHMATULLAHI WABARAKATUH DAN SALAM SEJAHTERA

YAB DATO' ABDUL GHANI OTHMAN
MENTERI BESAR JOHOR

YB DATUK PETER CHIN FAH KUI
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DIF-DIF JEMPUTAN

TUAN-TUAN, PUAN-PUAN, PARA HADIRIN YANG SAYA HORMATI SEKELIAN

1. TERLEBIH DAHULU, SAYA INGIN MENGUCAPKAN TERIMA KASIH KEPADA KEMENTERIAN PERUSAHAAN PERLADANGAN DAN KOMODITI, LEMBAGA MINYAK SAWIT MALAYSIA, SERTA PIHAK CAROTINO SDN BHD KERANA TELAH SUDI MENJEMPUT SAYA UNTUK MERASMIKAN KILANG BIODIESEL SAWIT BERSEPADU ATAU "INTEGRATED PALM BIODIESEL PLANT" YANG PERTAMA DI DUNIA INI* SAYA BEGITU BERBANGGA DAPAT BERSAMA-SAMA SAUDARA DAN SAUDARI PADA PETANG INI, TERMASUK PARA TETAMU DARI LUAR NEGARA, DALAM USAHA KITA MENGUKIR SATU LAGI LEMBARAN SEJARAH BAGI INDUSTRI MINYAK SAWIT NEGARA YANG PENUH DENGAN KEJAYAAN DEMI KEJAYAAN* SEMOGA SEMUA PENCAPAIAN TERSEBUT AKAN DAPAT DITERUSKAN LAGI DAN MENDAPAT BERKAT DAN RAHMAT DARI ALLAH S.W.T. JUA, DEMI KEMAJUAN SEKTOR PERTANIAN DAN KEMAKMURAN NEGARA, INSYA-ALLAH*

LADIES AND GENTLEMEN

2. TODAY'S OPENING OF THE WORLD'S FIRST INTEGRATED PALM BIODIESEL PLANT IS A SIGNIFICANT ACHIEVEMENT, NOT ONLY FOR THE PALM OIL INDUSTRY, BUT ALSO FOR THE COUNTRY* THE PLANT, I AM TOLD, IS UNIQUE IN THE SENSE THAT IT IS AN INTEGRATION OF BOTH THE SUMMER AND WINTER GRADE BIODIESEL PLANTS, AND PRODUCES PALM BIODIESEL MEETING ALL THE STRINGENT

INTERNATIONAL BIODIESEL STANDARDS* THIS ACHIEVEMENT TRULY REFLECTS THE SPIRIT OF 'MALAYSIA BOLEH', PUTTING MALAYSIA ON THE MAP AS A GLOBAL PLAYER IN THE BIODIESEL SECTOR* THIS ALSO PROVES THAT WITH DETERMINATION, DEDICATION AND VISION, MALAYSIANS ARE MORE THAN ABLE TO DEVELOP HOME-GROWN TECHNOLOGIES FOR COMMERCIAL PRODUCTION OF HIGH VALUE-ADDED PRODUCTS* THIS IS ONE OF MANY EXAMPLES OF MALAYSIA MAKING THE TRANSITION TO BECOME A COMPETITIVE, KNOWLEDGE-BASED ECONOMY*

3. THIS PALM-BASED BIODIESEL PLANT, STRATEGICALLY LOCATED HERE IN PASIR GUDANG, WILL NOW BECOME PART AND PARCEL OF THE DYNAMIC JOHOR PALM OIL INDUSTRY* AS ONE OF THE PIONEER STATES IN COMMERCIAL-SCALE OIL PALM CULTIVATION, JOHOR EXPERIENCED RAPID ECONOMIC DEVELOPMENT IN THIS SECTOR* INDEED, THE STATE NOW HAS 69 PALM OIL MILLS, 17 REFINERIES, 6 OLEOCHEMICAL PLANTS AND 4 BULKING INSTALLATIONS TO ITS NAME*

4. THESE CONSIDERABLE ACHIEVEMENTS MAY WELL BE ADDED UPON IN THE YEARS TO COME* MY GOVERNMENT'S PROPOSED PLAN FOR THE INTEGRATED DEVELOPMENT OF THE SOUTH JOHOR ECONOMIC REGION (S.J.E.R.) TARGETS HIGH-VALUE PALM-BASED INDUSTRIES AS A KEY GROWTH SECTOR* IN VIEW OF ITS STRATEGIC LOCATION, PASIR GUDANG HAS BEEN EARMARKED AS ONE OF THE INDUSTRIAL AREAS FOR SUCH HIGH GROWTH* AFTER ALL, PASIR GUDANG HAS ALREADY GAINED RECOGNITION AS THE HUB FOR OIL PALM DOWNSTREAM ACTIVITIES* BESIDES THE WELL-ESTABLISHED FACILITIES FOR EXPORT OF PALM OIL PRODUCTS, PASIR GUDANG HAS THE LARGEST PALM OIL REFINING AND OLEOCHEMICAL MANUFACTURING FACILITIES* THESE FACTORS ARE CRITICAL PILLARS IN SUPPORT OF THE FURTHER EXPANSION OF PASIR GUDANG TO BECOME A LEADING CENTRE FOR PALM BIODIESEL IN MALAYSIA AND THE WORLD*

LADIES AND GENTLEMEN

5. IT IS HEARTENING TO SEE THE QUICK PACE OF BIODIESEL DEVELOPMENT IN MALAYSIA* IN LESS THAN ONE YEAR SINCE I ANNOUNCED THE NATIONAL BIOFUEL POLICY, TWO STRATEGIC THRUSTS OF THE POLICY HAVE BEEN IMPLEMENTED* FIRSTLY, THE LAUNCH OF A BLEND OF 5 PERCENT PROCESSED PALM OIL WITH 95 PERCENT DIESEL PETROLEUM, CALLED 'ENVO DIESEL', IN MARCH OF THIS YEAR* ENVO DIESEL IS CURRENTLY BEING USED ON A TRIAL BASIS BY GOVERNMENT VEHICLES IN KUALA LUMPUR AS WELL AS TRANSPORTATION COMPANIES IN MIRI, SARAWAK* SECONDLY, THE DEVELOPMENT OF THIS INTEGRATED PALM BIODIESEL PLANT WHICH HAS COMMENCED PRODUCTION FOR EXPORT*

6. THE OVERWHELMING RESPONSE FROM THE PRIVATE SECTOR TO TAKE PART IN DEVELOPING THIS NEW INDUSTRY CAN BE SEEN FROM THE LARGE NUMBER OF APPLICATIONS THAT HAVE BEEN SUBMITTED TO MIDA FOR BIODIESEL MANUFACTURING LICENCES* THE GOVERNMENT HAS SO FAR APPROVED 52 MANUFACTURING LICENCES FOR BIODIESEL PLANTS, WITH A COMBINED CAPACITY OF OVER 5 MILLION TONNES PER YEAR OF PALM OIL* SOME OF THESE PLANTS

HAVE COMMENCED CONSTRUCTION AND ARE WELL ON THE WAY TO COMING ON-STREAM SOON*

7. IN PUSHING AHEAD, WE MUST OF COURSE BE MINDFUL OF THE WORLD'S ECONOMIC CONDITIONS* THE COMMERCIAL SUCCESS OF RENEWABLE BIOFUEL DEPENDS VERY MUCH, IN THE SHORT TERM, ON HIGH FOSSIL FUEL PRICES* WE MUST ALSO BE CONSCIOUS OF THE NEED TO MAINTAIN THE RIGHT BALANCE BETWEEN THE USE OF PALM OIL FOR FOOD AND FUEL* IN VIEW OF THESE ISSUES, MY GOVERNMENT HAS CAREFULLY CONTROLLED THE ISSUANCE OF BIOFUEL MANUFACTURING LICENCES AND WILL BE MONITORING THE SITUATION TO AVOID A GLUT IN MANUFACTURING CAPACITY, AS WELL AS TO ENSURE SUFFICIENT SUPPLY OF PALM OIL BOTH FOR FOOD AND NON-FOOD PURPOSES*

8. IN ADDITION, I AM PLEASED TO NOTE THAT MALAYSIA HAS SIGNED A MEMORANDUM OF UNDERSTANDING WITH INDONESIA, THE OTHER MAIN PALM OIL PRODUCING COUNTRY, TO SET ASIDE 6 MILLION TONNES OF PALM OIL EACH YEAR FOR BIODIESEL PRODUCTION* THIS MEMORANDUM OF UNDERSTANDING MARKS THE BEGINNING OF GREATER COOPERATION AND COLLABORATION BETWEEN THE TWO LARGEST PRODUCERS OF PALM OIL IN THE WORLD, NOT ONLY IN BIODIESEL PRODUCTION, BUT ALSO IN OTHER ASPECTS OF THE PALM OIL INDUSTRY* BOTH COUNTRIES HAVE AGREED TO WORK TOGETHER TO DEFEND ANY UNFAIR ATTACKS ON PALM OIL, AND HAVE EACH COMMITTED FUNDING FOR THIS PURPOSE* BOTH COUNTRIES HAVE ALSO AGREED TO STRICTLY IMPLEMENT A POLICY BANNING OPEN BURNING FOR PLANTATION DEVELOPMENT, TO ENSURE A HEALTHIER ENVIRONMENT FOR ALL IN THE REGION*

9. MALAYSIA'S INVOLVEMENT IN HIGH-VALUE DOWNSTREAM SECTORS SUCH AS BIOFUEL REFLECTS OUR EFFORT AND COMMITMENT TOWARDS ACHIEVING DEVELOPED NATION STATUS* AS WE ARE ALL AWARE, WE HAVE LESS THAN 15 YEARS TO GO BEFORE THE YEAR 2020* OUR DEVELOPMENT MUST BE TECHNOLOGY-BASED AND ALL SECTORS, INCLUDING THE PALM INDUSTRY, MUST ADOPT INNOVATIVE PRACTICES, DEVELOP NEW TECHNOLOGIES AND PRODUCE HIGHER VALUE-ADDED PRODUCTS*

10. SO FAR, THE PALM OIL SECTOR HAS CONTRIBUTED SIGNIFICANTLY TO THE COUNTRY'S ECONOMY* EXPORT REVENUE FROM OIL PALM PRODUCTS REACHED 28.6 BILLION RINGGIT LAST YEAR* NONETHELESS, THERE IS STILL MUCH MORE TO DO AND ACHIEVE* IN THE NINTH MALAYSIA PLAN, THE AGRICULTURE-RELATED SECTOR INCLUDING PALM OIL HAS BEEN GIVEN STRONGER EMPHASIS AND IS TARGETED TO BECOME THE THIRD ENGINE OF GROWTH FOR THE COUNTRY* I AM CONFIDENT THAT WITH THIS EMPHASIS, AND WITH THE GREATER ADOPTION OF TECHNOLOGY, THE PALM-BASED INDUSTRY WILL BECOME AN EVEN BIGGER CONTRIBUTOR TO THE NATION'S ECONOMY*

11. IN ADDITION, PRODUCTION OF BIODIESEL ALSO REFLECTS THE GOVERNMENT'S COMMITMENT TOWARDS A CLEANER AND HEALTHIER ENVIRONMENT* BIODIESEL HAS BEEN WIDELY ACCEPTED AS A GREEN AND RENEWABLE ENERGY* THE USE OF BIODIESEL WILL REDUCE EMISSION OF

GREENHOUSE GASES WHICH CONTRIBUTE TOWARDS GLOBAL WARMING* HENCE, BESIDES PRODUCING PALM BIODIESEL FOR EXPORT, THE GOVERNMENT IS ALSO COMMITTED TO USING PALM BASED BIOFUEL IN THE COUNTRY* BESIDES CONTRIBUTING TOWARDS A CLEANER ENVIRONMENT, THIS WILL ALSO HELP REDUCE OUR DEPENDENCE ON DEPLETING PETROLEUM RESOURCES*

LADIES AND GENTLEMEN

12. I WOULD LIKE TO TAKE THIS OPPORTUNITY TO COMMEND CAROTINO SDN BHD AND M.P.O.B. FOR WORKING TOGETHER TO DEVELOP HOME-GROWN TECHNOLOGY INTO A COMMERCIAL METHOD OF PRODUCTION OF PALM-BASED BIODIESEL* THIS IS A GREAT EXAMPLE OF THE PRIVATE SECTOR AND THE PUBLIC SECTOR BRINGING GOOD RESEARCH WORK TO THE MARKET* I HOPE THAT THIS COLLABORATION WILL ACT AS A CATALYST TO SPUR MANY MORE FRUITFUL PARTNERSHIPS BETWEEN THE PRIVATE AND PUBLIC SECTORS* IN THIS VEIN, I URGE THE PRIVATE SECTOR TO BE MORE ACTIVE IN SEEKING OUT GOOD IDEAS AND CARRYING OUT GOOD RESEARCH WORK FOR COMMERCIALISATION* THERE IS A WEALTH OF GOOD RESEARCH RESIDING IN OUR PUBLIC SECTOR INSTITUTIONS, WHICH SHOULD BE TAKEN FORWARD TO BENEFIT THE PEOPLE*

13. WE CAN SEE THAT THE DEDICATION AND HARD WORK OF ALL THOSE INVOLVED IN THIS PROJECT DESERVES RECOGNITION AND COMMENDATION* I WAS TOLD THAT THIS PLANT WAS BUILT IN A RECORD TIME OF SEVEN MONTHS USING HOME-GROWN TECHNOLOGY AND MALAYSIAN EXPERTISE* THIS TECHNOLOGY WAS DEVELOPED AT M.P.O.B. AND ALL THE EQUIPMENT FOR THE COMMERCIAL PLANTS WERE FABRICATED LOCALLY* THE DETAILED ENGINEERING DESIGN AND CONSTRUCTION OF THE PLANTS WERE IMPLEMENTED BY MALAYSIAN ENGINEERING FIRMS* WITH THE SUCCESSFUL OPERATION OF THIS BIODIESEL PLANT, WE ARE NOT ONLY READY TO EXPORT THE END PRODUCT, THE BIODIESEL, BUT ALSO READY TO LICENSE OUR KNOW-HOW IN PRODUCTION TECHNOLOGY AND PLANT DESIGN FOR WORLDWIDE BIODIESEL MANUFACTURERS*

14. I AM PLEASED TO NOTE THAT M.P.O.B. HAS ALSO PRODUCED WINTER GRADE PALM BIODIESEL, WHICH IS SUITABLE FOR COLDER CLIMATES* THE DEVELOPMENT OF THIS WINTER GRADE PALM BIODIESEL WILL GO SOME WAY TOWARDS SATISFYING GROWING DEMAND FROM THE TEMPERATE COUNTRIES*

15. THE PRODUCTION OF PALM BIODIESEL WILL ALSO OPEN UP OPPORTUNITIES IN THE EXTRACTION OF PHYTONUTRIENTS FOR THE MALAYSIAN PALM OIL INDUSTRY* PALM OIL IS VERY UNIQUE IN THAT THE RESULTING PALM BIODIESEL PRODUCED BY M.P.O.B.'S PATENTED PROCESS CONTAINS TWO VERY HIGH-VALUE COMPONENTS, THAT IS CAROTENOIDS AND VITAMIN E* THE PROCESS TO RECOVER THESE VALUABLE PRODUCTS HAS BEEN SUCCESSFULLY DEVELOPED BY M.P.O.B.* THE INCOME GENERATED FROM THE SALE OF CAROTENES AND VITAMIN E WILL THEREFORE BE AN ADDITIONAL REVENUE STREAM FOR THE COUNTRY* HENCE, IN ADDITION TO BIODIESEL, MALAYSIA CAN ALSO PROGRESS TO BECOME A MAJOR PLAYER IN THE GLOBAL PHYTONUTRIENTS INDUSTRY* THE BIODIESEL

PLANTS WILL ALSO PRODUCE CO-PRODUCTS SUCH AS GLYCERINE AND RAW MATERIALS FOR THE PRODUCTION OF BIODEGRADABLE SURFACTANTS*

LADIES AND GENTLEMEN

16. I AM VERY PLEASED TO NOTE THAT SINCE THE GOVERNMENT'S MOVE TO PROMOTE PALM BIOFUEL, TREMENDOUS ECONOMIC BENEFITS HAVE ALREADY MATERIALISED FOR THE PEOPLE* THE PRICE OF CRUDE PALM OIL HAS RISEN RECENTLY FROM ABOUT 1,400 RINGGIT PER TONNE IN JUNE TO ABOUT 1,600 RINGGIT PER TONNE NOW, AN INCREASE CAUSED MAINLY BY THE ANTICIPATED HIGHER DEMAND FOR PALM-BASED BIODIESEL* IT IS NOT ONLY THE BIODIESEL PRODUCERS WHO WILL BENEFIT, BUT ALSO THE PLANTATIONS AND THE 100,000 OIL PALM SMALLHOLDERS IN THE COUNTRY*

17. I WOULD THEREFORE LIKE TO CONGRATULATE THE MINISTRY OF PLANTATION INDUSTRIES AND COMMODITIES, THE MALAYSIAN PALM OIL BOARD AND CAROTINO SDN BHD FOR THEIR CONCERTED EFFORTS AND HARD WORK IN BUILDING THE WORLD'S FIRST INTEGRATED PALM BIODIESEL PLANT* I WISH YOU EVERY SUCCESS IN THIS VENTURE* ON THAT NOTE, WITH THE RECITATION OF BISMILLAHIR RAHMANIR RAHIM, IT IS NOW MY PLEASURE AND PRIVILEGE TO DECLARE OPEN THE WORLD'S FIRST INTEGRATED PALM BIODIESEL PLANT*

THANK YOU*